

OFFICE OF INSPECTOR GENERAL
FLORIDA DEPARTMENT OF TRANSPORTATION



ANNUAL REPORT 2011-2012

ANANTH PRASAD, P.E., SECRETARY
ROBERT E. CLIFT, INSPECTOR GENERAL



Florida Department of Transportation

RICK SCOTT
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450

ANANTH PRASAD, P.E.
SECRETARY

September 25, 2012

Ananth Prasad, P.E.
Secretary of Transportation
Florida Department of Transportation
605 Suwannee Street, MS 57
Tallahassee, FL 32399-0450

Dear Secretary Prasad:

I am pleased to submit our Annual Report on the activities of the Office of Inspector General (OIG) for the fiscal year ended June 30, 2012, as required by Section 20.055(7), Florida Statutes.

The value of the OIG's intangible deterrent impact can never be fully reflected in an annual report; however, results such as cost covered, dollar impact, recoveries made and allegations proved or disproved can be readily reported. As you read this report, I hope you will recall the broad spectrum of services we provide the department and the professionalism of the OIG team.

We look forward to working with you and our fellow employees in meeting the challenges and opportunities that face the department. Thank you for your continued support.

Respectfully submitted,

Robert E. Clift
Inspector General

REC:pp

Enclosure

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A digital illustration of a cable-stayed bridge spanning a body of water. The bridge features two tall, grey, rectangular pylons with numerous yellow cables fanning out to support the deck. The bridge deck is a multi-lane highway with a white truck and a small car visible. The water is a deep blue, and the sky is a mix of orange, yellow, and blue, suggesting a sunset or sunrise. The word "INTRODUCTION" is written in large, bold, black, sans-serif capital letters across the center of the image.

INTRODUCTION



HISTORICAL PERSPECTIVE

The concept of an Inspector General is not a new one. The first known Inspector General was designated by King Louis XIV of France in 1668 to review his troops and report to him the condition of the army. The first Inspector General in what would become the United States was appointed by General George Washington during the Revolutionary War, because he was not satisfied with the disparate training or readiness of troops provided by the Colonies.

In 1978 Congress adopted the idea and created civilian inspectors general in federal agencies. Their responsibilities included conducting and supervising audits and investigations relating to programs and operations.

An audit function was established in the Florida Department of Transportation (department) in the 1960s. This function evolved into audits and investigations and in the 1980s was designated the Office of Inspector General (OIG). In 1994, Section 20.055, Florida Statutes (F.S.), required an Office of Inspector General in each state agency, which is assigned specific duties and responsibilities.

BACKGROUND

The role of the OIG is to provide a central point for coordination of, and responsibility for, activities that promote accountability, integrity and efficiency in the department. Section 20.055, F.S., defines the duties and responsibilities of agency inspectors' general.

The Statute requires that each inspector general shall submit to the department head an annual report, not later than September 30 of each year, summarizing its activities during the preceding state fiscal year. This report includes, but is not limited to:

- A description of activities relating to the development, assessment and validation of performance measures.
- A description of significant abuses and deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews or other activities during the reporting period.
- A description of recommendations for corrective action made by the Inspector General during the reporting period with respect to significant problems, abuses or deficiencies identified.
- The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed.
- A summary of each audit and investigation completed during the reporting period.

MISSION STATEMENT

The mission of the Office of Inspector General is to promote integrity, accountability and process improvement in the Department of Transportation by providing objective fact-based assessments to the DOT Team.



VISION

Our vision is to be:

- Championed by our customers,
- benchmarked by our counterparts, and
- dedicated to quality in our products and services.

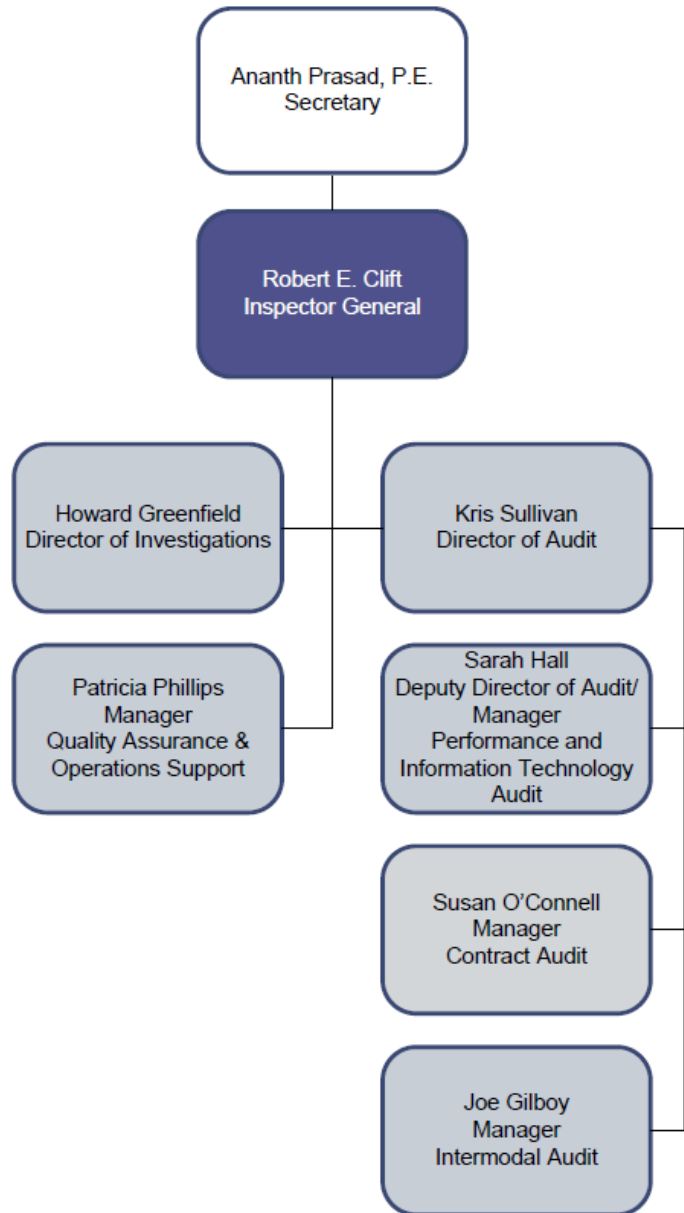


OIG DUTIES & RESPONSIBILITIES

- Providing direction for and coordinating audits, investigations and management reviews relating to the programs and operations of the agency.
- Keeping the agency head informed concerning fraud, abuses and deficiencies relating to programs and operations administered or financed by the state agency, recommended corrective action concerning fraud, abuses and deficiencies and report on the progress made in implementing corrective action.
- Reviewing the actions taken by the state agency to improve program performance and meet program standards and making recommendations for improvement, if necessary.
- Advising in the development of performance measures, standards and procedures for evaluating agency programs; reviewing actions taken by the agency to improve performance to meet program standards.
- Ensuring an appropriate balance is maintained between audit, investigative and other accountability activities.

ORGANIZATIONAL STRUCTURE

The Inspector General reports to the Secretary as prescribed by statute. The OIG is comprised of three main operational units that work together to fulfill its primary mission. The three operational units are: Audit, Investigations and Quality Assurance and Operations Support (QAOS).



The OIG has 43 positions: 26 of which are in the Audit Section; 10 are in the Investigations Section; 5 are in the Quality Assurance and Operations Support Section; along with the Inspector General and executive assistant.

LEADERSHIP TEAM

Robert E. Clift – Inspector General

Bob has worked in federal law enforcement and state of Florida accountability assurance positions for more than 35 years. Bob began his state career in 1997 as the Director of Investigations for the department's OIG. In June 2007 Bob was appointed as the Inspector General for the Florida Department of Financial Services and in March 2011 he returned to the department as the Inspector General. Bob is a graduate of Florida State University with a Bachelor of Criminology degree. He has received the Certified Inspector General and Certified Inspector General Investigator designations from the Association of Inspectors General and currently serves the Association as the Chairman of the Professional Certification Board and as President of the Association's Florida Chapter.

Howard Greenfield – Director of Investigations

Howard has worked in state government in the inspector general community since 2000. Howard worked in DOT's OIG from October 2001 to March 2006, first as an investigator and later as an investigations manager. He left the department in 2006 to serve as the Chief of Investigations in the Department of Juvenile Justice Office of Inspector General, a position he held for six years before returning to the department in March 2012 as the Director of Investigations. Prior to 2000, Howard worked in law enforcement for over 20 years. Howard is a graduate of the City University of New York's John Jay College with a Bachelor of Criminal Justice degree. He is a Certified Public Manager, a Certified Fraud Examiner, a Certified Inspector General and a Certified Inspector General Investigator.

LEADERSHIP TEAM (continued)

Kris Sullivan – Director of Audit

Kris has over 15 years of progressively responsible audit, management and information technology experience with the State of Florida. He began his state career in 1997 and has served in various audit and management positions. Kris has most recently served as the Deputy Inspector General at the Florida Division of Emergency Management. Kris is a graduate of Florida State University with a master's degree in International Affairs. He earned designations as a Certified Information Systems Auditor from the Information Systems Audit and Control Association in 2000 and Certified Internal Auditor from the Institute of Internal Auditors, in 2003. Kris is an active leader in his daughter's Venture Crew and son's Boy Scout Troop.

Patricia Phillips – Quality Assurance and Operations Support Manager

Patricia has over 21 years of public service; four of those serving as an elected official. Patricia began her state career at the department working in the Office of Information Systems (OIS), where she served as their Contracts Administrator and later as the Budget and Planning Administrator. While working in OIS she also served as the Assistant Security Administrator for the department. In 2002 Patricia transitioned to the OIG as the manager of the Quality Assurance and Operations Support section. In this position, and under her leadership, this section has grown to become an integral part of the office's operations.

Sarah Hall – Deputy Audit Director Information Technology and Performance Audit Manager

Sarah has worked for the state of Florida for 11 years in the field of internal and external information technology (IT) auditing. Her responsibilities have included coordinating, supervising, and conducting IT operational audits at various state agencies. Previously, Sarah was a Process Consultant for Accenture and has over four years of experience in systems development. Sarah holds a Bachelor of Science degree in Marketing from Florida State University. Sarah has earned designations as a Certified Information Systems Auditor, Certified Internal Auditor, Certified Information Systems Security Professional and Certified Inspector General Auditor.

LEADERSHIP TEAM (continued)

Joe Gilboy – Intermodal Audit Manager

Joe has worked for the state of Florida for more than 20 years and held audit positions for more than 17 years. Joe began his state audit career in 1993 as a tax auditor for the Florida Department of Revenue. In August 2009 Joe was appointed as the Director of Auditing for the Florida Department of State's OIG. In October 2010 his service with the department started as the Performance and IT Audit Manager within the OIG. Joe is a graduate of Florida State University with a Bachelor of Finance degree. He has received the Certified Internal Auditor and Certified Government Auditing Professional designations from The Institute of Internal Auditors.

Susan O'Connell – Contract Audit Manager

Susan has worked for the state of Florida for more than 17 years and has held various audit positions for over 13 years. Since 1998 Susan has progressed through the audit profession serving as a Bureau Chief with the Department of Education, managing compliance reviews for the Division of Vocational Rehabilitation, Auditor in Charge with the Agency for Health Care Administration and the Department of Legal Affairs and most recently, Quality Assurance reviewer for the department's Office of Inspector General. Susan is a graduate of Valdosta State College with a Bachelor of Fine Arts degree. She has earned designations as a Certified Government Auditing Professional from the Institute of Internal Auditors and Certified Public Manager from Florida State University. Susan is a member of the Tallahassee Chapter of the Institute of Internal Auditors and has served as their Treasurer and Vice President of Programs.

CERTIFICATIONS

Expertise within the OIG covers a variety of disciplines. Employees are qualified in auditing, accounting, investigations and information technology. Staff members continually seek to augment their credentials, further enhancing their abilities and contributions to the OIG and the department. The accomplishments of staff members obtaining certifications represent significant personal time and effort, reflecting positively on the individual as well as the department. The list below summarizes the most recognized professional certifications maintained by OIG staff.

- Certified Inspector General
- Certified Internal Auditor
- Certified Public Accountant
- Certified Government Auditing Professional
- Certified Fraud Examiner
- Certified Inspector General Investigator
- Certified Inspector General Auditor
- Certified Information Systems Auditor
- Certified Information Systems Security Professional
- Certified Public Manager
- Certified Law Enforcement Analyst

AFFILIATIONS

Office of Inspector General staff members participate in a number of professional organizations to maintain proficiency in their areas of expertise and certification. These associations allow them to establish and advance professional networks and participate in professional community activities.

- Association of Inspectors General (AIG)
- Florida Chapter – (AIG)
- Institute of Internal Auditors – (IIA)
- Tallahassee Chapter – (IIA)
- Information Systems Audit and Control Association – (ISACA)
- Tallahassee Chapter – (ISACA)
- American Institute of Certified Public Accountants
- Association of Certified Fraud Examiners
- Florida Audit Forum
- International Government Benchmarking Association
- Southeast Security and Audit Professionals

TRAINING

Section 20.055, F.S., requires offices of inspector general to conduct audits and investigations in accordance with professional standards. Specifically, the statute requires that we comply with the General Principles and Standards for Offices of Inspector General as published and revised by the Association of Inspectors General, and that audits are conducted in accordance with the current International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors, Inc., or, where appropriate, in accordance with generally accepted governmental auditing standards.

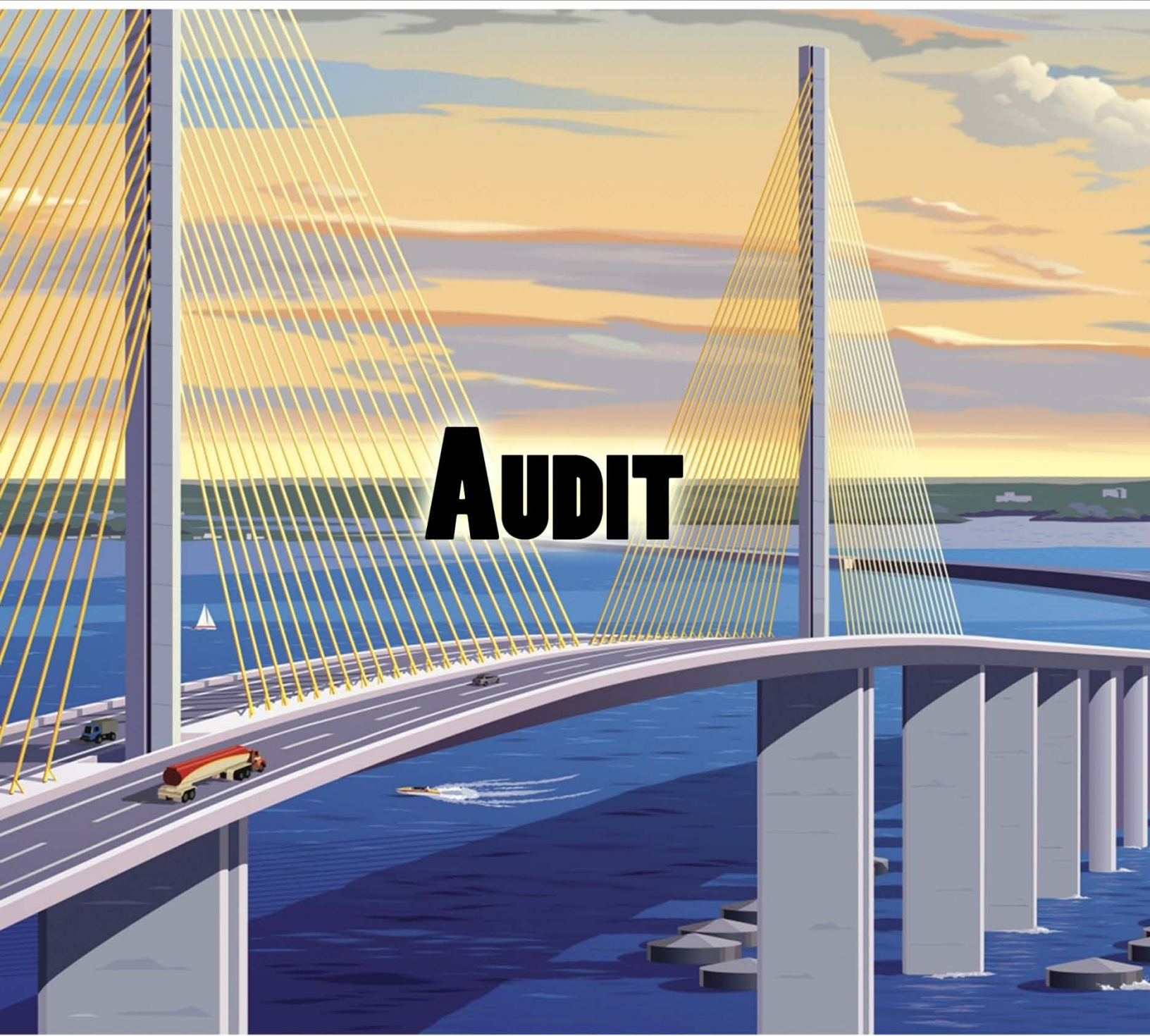
The Association of Inspectors General specifies that each staff person who performs audits, investigations, evaluations or reviews should receive at least 40 hours of continuing professional education every two years that directly enhances the person's professional proficiency.

In addition, the International Standards for the Professional Practice of Internal Auditing and Government Auditing Standards require internal audit unit staff to maintain their professional proficiency through continuing education and training. Each auditor must receive at least 80 hours of continuing education every two years.

To ensure staff is prepared to meet OIG mission requirements and comply with requirements specified in Section 20.055, F.S., we use training opportunities from various professional organizations and associations, agencies and individuals to fulfill training needs.

JOB COST ACCOUNTING

The OIG adds value to the department in performing its mission of "providing objective fact-based assessments to the DOT Team." In the performance of our work our goal is to ensure that the maximum amount of staff's time, at least 80%, is spent on work directly associated with audit engagements or investigations. Of their time, which includes training and general administration, we were able to bill an average of 86% to ongoing projects.



AUDIT



MISSION STATEMENT

Promote integrity, accountability and process improvement by providing objective, timely, and value-added audit services.



The Audit Section provides independent appraisals of the performance of department programs and processes, including the appraisal of management's performance in meeting the department's information needs while safeguarding its resources. Ensures costs proposed and charged to the department through contracts and agreements with external entities are accurate, reasonable and comply with applicable federal and state procurement regulations.

SUMMARY OF AUDIT ACTIVITIES

The Audit section provides information to department management so they can make informed decisions, resolve issues, use resources effectively and efficiently and satisfy statutory and fiduciary responsibilities. The value of our services is often not quantified but is achieved through greater efficiencies, enhanced effectiveness, improved compliance and mitigation of risks. Tangible results can be measured in terms of dollar impact which totaled nearly \$1.8 billion this fiscal year.

During FY 2011-2012 the Audit section was comprised of three units, Performance and Information Technology Audit, Contract Audit and Intermodal Audit, which includes the Single Audit function.

Reports by Section for FY 2011-2012	Number Issued
Performance and Information Technology	6
Intermodal	15
Contract	16

PERFORMANCE AND INFORMATION TECHNOLOGY AUDIT

Performance and Information Technology Audit conducts performance audits and management reviews of organizational units, programs, activities and functions in accordance with applicable professional standards. The term performance audit is used generically to include work classified as program evaluations, program effectiveness and results audits, economy and efficiency audits, operational audits and value-for-money audits. The work of Performance and Information Technology Audit consists of performance audits, financial audits, performance measures assessment, risk assessment, information technology audits, computer forensic reviews, and data mining.

Performance Audits

Performance audits provide information to improve program operations, facilitate decision making by parties with responsibility to oversee or initiate corrective action and contribute to public accountability. Specifically, performance audits: evaluate compliance, efficiency, effectiveness of policies and procedures and recommend improvements as appropriate; and evaluate internal controls and recommend improvements as appropriate.

The Performance and Information Technology Audit Unit completed the following engagements with total audit coverage of \$983 million.

10P-1004: [FHWA CEI Process Review](#)

The purpose of this engagement was to address the Federal Highway Administration's (FHWA) Florida Division Office's request for the OIG to conduct a review of the department's Construction Engineering and Inspection (CEI) process.

We concluded that the CEI process is working in reasonable conformity with 23 C.F.R. 635.105, and works effectively to control construction cost and time.

11P-1003: [Florida Airport Directory](#)

The purpose of this review was to determine the purpose, usefulness and cost of producing and distributing the Florida Airport Directory (directory) annually. This review was initiated to address a citizen's concern that the production of the directory is redundant and wasteful. The scope of our review was records pertaining to the directory from the 2010/2011 fiscal year and an associated user survey conducted in 2010.

Recommendation- We recommend management consider the following options:

- Eliminate production and distribution of the directory and chart, saving the department approximately \$61,600 annually. Savings would be achieved by eliminating printing, distribution, technical update, artistic services and staff time.

- Reduce the frequency of the hardcopy production and distribution from annually to once every three years. This would save the department approximately \$120,000 over a period of three years or approximately \$40,000 annually.
- Create a print-friendly electronic format for the directory and chart. This format would allow users to produce a hardcopy version of the documents as needed, saving the department approximately \$50,000 per year. Savings would be achieved by eliminating printing and distribution costs. There would still be costs associated with technical update, artistic services and staff time.
 - The Aviation Office could charge a fee for the directory or chart to cover the department's costs. These items could be sold on the department's maps and publications website.

11P-5003: [Certified Payroll Process](#)

The purpose of this engagement was to conduct a limited review of the department's certified payroll process. The department receives certified payrolls from construction contractors and checks them for completeness, accuracy and compliance with laws. Certified payroll is a reporting method used to record wages and benefits paid to an employee working on a government-funded job. Common in the construction industry, certified payroll ensures that set wages are paid in accordance to contract documents. Overall, we determined their process sufficiently complies with the Code of Federal Regulations and department procedures.

Finding - We determined procedures related to the storage of certified payroll records are inconsistent. As a result, certified payroll records may not be stored consistently within and between districts resulting in records being either unavailable or not timely available to demonstrate compliance with Code of Federal Regulations.

Recommendation - We recommend the Director of the Office of Construction work with the necessary department managers to ensure department procedures and manuals are consistent and clearly state how certified payroll records should be stored. Also, a reference to the department's Retention and Disposal Schedule, Item A-312(1), "Contractor's Payroll – Federal Projects" should be incorporated into department procedures and manuals.

12P-2001: [Employees' Benefit Fund Prepaid Visa Card Use](#)

The purpose of this engagement was to evaluate the possible use of a Prepaid Visa Card by District Five for Employee Benefit Fund (EBF) Committee purchases.

To accommodate the use of Prepaid Visa Cards, controls were proposed by District Five to the Director of Administration, who asked that we determine whether the proposed controls provide adequate checks and balances for disbursements, and provide any recommendations for improvement.

We identified seven risks associated with Prepaid Cards and proposed corresponding controls to mitigate these risks. In assessing the controls proposed by District Five, we also reviewed the controls and benefits associated with the use of Bank Debit Cards.

Recommendation - We recommend the Assistant Secretary for Finance and Administration evaluate the benefits of Bank Debit Cards to determine if their use would be more advantageous than Prepaid Cards.

12P-2002: [Employees' Benefit Fund Review of Operations](#)

The purpose of this engagement was to conduct a review of operations pertaining to the department Employees' Benefit Funds (EBFs). Our objective was to determine the universe, governance and control structures of department EBFs.

Recommendation - We recommend the Director of Administration revise the Employees' Benefit Fund procedure to require the collection and remittance of sales tax for all vending sales and to address other issues cited in the report.

10P-1005: [Fuel Charges](#)

The purpose of this project was to assess the fuel charge differences from invoiced to actual for fuel charged to the department within the District Three and Perry and Madison fuel yards in District Two. Overcharges had been identified in a previous audit report by the OIG and these efforts were to determine the reimbursement owed the department. The vendor reimbursed the department \$22,073.26 for overcharges from January 1, 2008 through October 26, 2010.

Performance Measures Assessment

Performance measures assessments are designed to assess the reliability and validity of information related to performance measures and standards, and recommend improvements, if necessary. Section 216.013, F.S., requires state agencies develop long-range plans to achieve goals, provide the framework for development of budget requests and identify and update program outcomes and standards to measure progress toward program objectives. Section 20.055(2), F.S., requires each state agency's Office of Inspector General to perform a validity and reliability assessment of their agency's performance measures and, if needed, make recommendations for improvements.

11P-3000: [Performance Measures Assessment](#)

The purpose of this engagement was to assess the validity and reliability of 6 of 34 performance measures reported in the department's Long Range Program Plan. The six measures were:

- number of passenger enplanements
- number of one-way public transit passenger trips
- number of cruise passenger embarkments and disembarkments at Florida ports
- maintenance condition rating of the state highway system as measured against the department's maintenance standards
- lane miles maintained on the state highway system (Turnpike not included)
- lane miles maintained on the state highway system (Turnpike only)

Finding- We determined all six performance measures reviewed are well defined and measure what they are intended to measure. However, only one of the measures actually provides an accurate assessment of performance within a department program area. The performance of Public Transportation (primarily in providing financial assistance) may impact performance measure outcomes such as number of enplanements, transit trips and embarkments/disembarkments; however, these outcomes are highly influenced by other factors such as economic conditions. As a result, they do not provide a good measure of the performance of Public Transportation.

Recommendation - We recommend management in each program area in which a performance measure was found not to be valid, develop a measure that is more representative of their duties, responsibilities and program goals. Also, each program area in which the data could not be tested for reliability, take reasonable steps to ensure the collection and reporting of performance measure data is reliable.

Information Technology Services

Information Technology Audits are intended to evaluate the integrity and availability of information technology resources. Specifically, information technology audits:

- measure the quality of the department's information technology services;
- evaluate implementation of information technology resource statutes, rules, policies, procedures and industry standards; and
- evaluate internal controls and recommend improvements as appropriate.

11P-5007: [Comparison of Resource Access Control Facility \(RACF\) to Internet Subscriber Account \(ISA\)](#)

The purpose of this engagement was to evaluate RACF and ISA against the security requirements of Florida Administrative Code and Information Technology Standards.

12P-4001: [Agency Enterprise Information Technology Risk Assessment](#)

The purpose of this project was to review the completed 2011 Agency of Enterprise Information Technology (AEIT) Risk Assessment in order to verify the reasonableness of the responses OIS provided. We reviewed both the AEIT Risk Assessment for the department and the AEIT Risk Assessment for Florida's Turnpike Enterprise. Areas of improvement were identified and reported to department management.

Information Technology Resource Compliance Reviews

Nineteen Information Technology Resource (ITR) Compliance Reviews were conducted using computer forensic techniques. The purpose of the reviews was to determine if Florida Statutes, department rules and department procedures concerning the use of ITR were violated. These services supported department management and OIG audit and investigative projects.

Data Mining Services

The data mining unit also performs computer forensic and data mining services supporting both the completion of unit assignments and other OIG assignments.

Data mining is the process of extracting knowledge hidden in large volumes of data. It can be used to evaluate or demonstrate successful business practices. Data mining is used to support OIG staff with data acquisition and analysis. It is also used to perform targeted reviews of the department's data to determine trends and potential irregularities (including fraud indicators).

During the past year the office data mining services have been heavily dedicated to meeting the needs of ARRA reporting. These reporting requirements included compiling and analyzing data for monthly and quarterly reports submitted to the FHWA, the Executive Office of the Governor, Congress and the federal Office of Management and Budget. Additionally, the office's data mining activities have supported department management and OIG audit and investigative projects.

ARRA Monitoring

The American Recovery and Reinvestment Act of 2009 (ARRA) provided funds to state and local agencies in an attempt to stimulate jobs and economic growth at a local level, and is often referred to as the "stimulus act" for that reason. ARRA required detailed reporting of how the money was being spent, which necessitated close oversight of stimulus projects and multiple new reporting processes. The department alone was given over \$1.3 billion for highway infrastructure, plus additional funds for transit, ferry and high-speed rail projects. Spending and job creation are closely monitored at the state and federal levels and reports are due to the FHWA, the Recovery Accountability and Transparency Board (RATB) through FederalReporting.gov and the state's own Florida Reporting website. Summary information is provided to agency leadership through the ARRA Dashboard, a monthly snapshot of project, job and expenditure tracking.

INTERMODAL AUDIT

Intermodal Audit performs audits and reviews to determine the allowability of costs associated with various activities including agreements between the department and railroads, authorities, public transportation entities and utilities companies. Engagements related to rail labor additive rates and invoices; transportation, expressway and bridge authorities; seaport, airport and transit grants; utility relocation costs; indirect cost allocation and fringe benefit rates and various accounting services are performed by Intermodal Audit.

Intermodal Audit completed the following engagements with total audit coverage of \$111 million.

Railroad and Transit Grants

Transit grants are funds provided for transportation services under Sections 5303, 5310 and 5311, the Federal Transit Administration's Programs and District Discretionary Funds. Rail grants are provided by various federal and state resources. Rail and transit grants typically fall under federal and state Single Audit requirements. Engagements are performed, on a sample basis, to evaluate compliance with the grant provisions.

11T-4005: [CSX Transportation Agreement AO407](#)

The purpose of the examination was to assess CSX Transportation's (CSXT) compliance with the provisions of Railroad Reimbursement Agreement (RRA) AO407 for the reasonableness and allowability of the claimed and reimbursed costs.

We conducted a final examination of RRA Number AO407 between the department and CSXT. The purpose of the agreement was for the relocation of CSXT track facilities under State Road 528 in Orange County.

While our examination found that costs charged to the RRA and billed to the department were adequately supported, we identified an internal control weakness; CSXT employees do not prepare their own project time reports. This control weakness could place the department at risk of being inaccurately billed for project labor costs.

We recommend that CSXT employees be responsible for recording their hours on projects instead of relying on the supervisor, foreman, or manager and be held responsible for accurately charging project time. CSXT management should ensure each employee completes their own project time sheet and certifies the accuracy of weekly project time reports.

140-11010: [Suncoast Center, Inc.](#)

The purpose of this engagement was to determine if vehicles were used in accordance with the Section 5310 program.

The Governor's Chief Inspector General received an anonymous complaint regarding Suncoast Center, Inc.'s (Suncoast) alleged misuse of vehicles purchased through the Title 49 United States Code (U.S.C.) Section 5310 (Section 5310) and Title 49 U.S.C. Section 5316 (Section

5316) programs. Suncoast is a Pinellas County based non-profit organization whose mission is to provide mental health and support services for children and adults.

Our review determined vehicles were not always used for activities consistent with the intent of Section 5310, which is to meet the transportation needs of elderly persons and persons with disabilities. We recommend that Suncoast's Chief Executive Officer should implement controls and procedures limiting the use of vehicles acquired under the Section 5310 program to activities meeting the program objectives. Suncoast's management should also provide training on the accurate recording of trip-log information to employees operating vehicles.

District Seven management has initiated corrective actions against Suncoast. This includes preparing a deficiency letter against Suncoast, which identifies an overall lack of accountability and control over vehicles purchased with Section 5310 funds, and an inability to document vehicles used solely for Section 5310 purposes.

12I-3001: [Lake Wales Airport Review](#)

The purpose of this engagement was to review Joint Participation Agreements (JPAs) between the department and the Lake Wales Airport for alleged misappropriation of grant funds.

We reviewed the JPAs, supporting documentation and district site visit reports; there was no indication of misuse. Additionally, we interviewed the District Intermodal Manager and the District Aviation and Seaport Manager who were satisfied department funds were used appropriately, as intended, and did not identify any illegal or improper activity.

Utility Relocation Agreements

Reviews of the department's utility relocation agreements are performed to evaluate the allowability of charges in accordance with state and federal requirements.

12I-5001: [Utility Overhead Certification](#)

The purpose of this engagement was to monitor compliance with federal requirements for utility relocation contracts. We requested assurance certifications from entities that were awarded more than \$300,000 in utility relocation fees from the department between July 1, 2010 and June 30, 2011. The assurances certify that unallowable costs, as defined in Part 23, Section 645.117(d)(2), Code of Federal Regulations, were not billed directly or indirectly to department utility relocation projects. We received certifications from all seventeen entities identified.

11T-9002: [Verizon Agreement AOA32](#)

The purpose of the examination was to assess reasonableness and allowability of the claimed and reimbursed costs for Utility Work Agreement (UWA) AOA32 between the department and Verizon Inc. The purpose of UWA AOA32 was to provide funding for the location (vertically and/or horizontally), protection, relocation, installation, adjustment and/or removal of Verizon utility facilities at Interstate 275 from Howard Frankland Bridge to Himes Avenue.

Finding- We determined that total allowable project costs were \$618,650. We determined that \$402,188 of materials invoiced were erroneous. Verizon stated the overbilling was due to computer error. The department paid the invoice but did not confirm the materials in the invoice were used on the project.

Recommendation- We recommend District Seven pursue a refund from Verizon for the overbilling of \$402,188 plus interest from September of 2008.

11T-9003: [Verizon Agreement A0A33](#)

The purpose of the examination was to assess reasonableness and allowability of the claimed and reimbursed costs for Utility Work Agreement (UWA) AOA33 between the department and Verizon Inc. The purpose of the UWA was to provide funding for the location (vertically and/or horizontally), protection, relocation, installation, adjustment, or removal of utility facilities or some combination thereof at Interstate 275 from Himes Avenue to Hillsborough River, State Road 93.

Based upon examination of the sampled invoices and supporting documentation, costs charged to the UWA AOA33 were presented fairly and costs billed to the department were accurately represented.

Rate Reviews

The OIG annually examines the proposed Indirect Cost Allocation and Fringe Benefit Rates prepared by the Office of Comptroller in accordance with the Indirect Cost Allocation Plan. Additionally, we performed other rate reviews to determine if the rates are allowable, allocable and reasonable for use in billing federal-aid projects.

12I-6001: [Indirect Cost Allocation Rates Fiscal Year 2011-2012](#)

The purpose of the examination was to determine whether the department's indirect cost allocation rates were: developed in accordance with federal guidance and department procedures; based on actual incurred costs; and calculated using an adequate and reliable process for entering costs and statistical data in the indirect cost allocation system. These rates were prepared by the Office of Comptroller and are based on a three-year average of indirect costs from FYs 2008-2009, 2009-2010 and 2010-2011.

The indirect cost plan conforms to the requirements of 2 C.F.R. 225, and provides a method for calculating indirect cost rates for federal projects, other projects and other government agencies. We recommended the Office of Comptroller submit these rates to the FHWA for approval.

12I-6002: [Fringe Benefit Rates for Fiscal Year 2011/2012 Based on Fiscal Year 2010/2011](#)

The purpose of this examination was to determine whether the fringe benefit rates were developed in accordance with 2 C.F.R. 225; developed using the methodology established in

the Office of Comptroller's Fringe Rate Development Desktop Handbook; and based on actual amounts and were correctly calculated.

Our examination disclosed that the control process, for entering cost data into fringe benefit rate spreadsheets and calculating the rate, is adequate and reliable. We recommended the Office of Comptroller submit these rates to the FHWA for approval.

12I-1002: [Florida East Coast Railway Company Reimbursement Rate Review](#)

The purpose of this examination was to determine whether the costs included in Florida East Coast's (FEC) 2009 rate proposal were allowable, allocable and reasonable for use in billing federal-aid projects pursuant to 23 C.F.R. 140 and 23 C.F.R. 646.

In our opinion, the 2009 FEC Labor Additive Rate Proposal, as audited, is reasonable and supported by accounting records and the costs included in the rate computations are allowable, allocable and reasonable for use in billing costs to federal-aid projects. The department Rail Office and FHWA have approved the FEC 2009 Labor Additive Rates, as audited, and Material Handling and Equipment Rates as submitted.

Additional Reviews

12I-2001: [Garcon Point Bridge Toll-by-Plate](#)

The purpose of this engagement was to conduct a cost analysis of implementing alternative forms of toll collection for the third shift at the Garcon Point Bridge toll facility. We researched the impact of Toll-by-Plate and Bill in Lieu of Citation and their inherent costs and risks.

These scenarios may increase the risk of uncollected toll revenue by eliminating immediate cash collections at the toll plaza in exchange for electronic and mail collections of tolls; however, there is an offsetting reduction in labor costs.

Based on our examination, we do not recommend Toll-by-Plate due to length of time required to recoup the capital cost to implement this option. We recommend the Office of General Counsel review the conditions of the Santa Rosa Bay Bridge Authority's revenue bond covenants to determine whether changing the method of toll collection is supportable and, if so, we recommend the Executive Director of the Turnpike Enterprise is tasked to implement this revised collection method. If legally viable, this option could save approximately \$115,630 annually.

Single Audit

The Single Audit Coordinator provides oversight for the department's compliance with state statutes and federal circulars for recipients of federal and state financial assistance.

Federal and state financial assistance provided by the department, as the "pass through" entity, to local governments, nonprofit organizations and for profit organizations (state only) normally require an annual independent CPA audit. These audits must be performed in accordance with OMB Circular A-133 or Section 215.97, F.S. The audit reports are submitted to district program staff for review and evaluation as to content and timeliness. District staff also ascertains if there are any reported questioned costs or material findings that need to be resolved by the department's program manager. Quality reviews are then performed to determine each district's compliance with department procedures, Section 215.97, F.S., and OMB Circular A-133. The following engagements were completed by the Single Audit Coordinator with total audit coverage of \$48 million.

12I-8005: [District Three Single Audit Compliance Review](#)

The purpose of this review was to determine if the districts complied with the requirements of federal and state regulations related to monitoring and oversight of financial assistance provided under OMB Circular A-133, the Federal Single Audit Act; Section 215.97, F.S., Florida Single Audit Act; and Procedure No. 450-010-001-i, Single Audit Procedure.

Finding – Overall of the 13 contracts/grants reviewed, only two fully complied with all requirements tested.

Recommendation - We recommend the following:

- Single Audit Liaison and Program/Project Managers revise all deficient agreements to include required single audit language and ensure outdated single audit threshold amounts are corrected;
- Single Audit Liaison follow the provisions within the department's Single Audit Procedure regarding receiving, recording the date and distributing single audit reports to appropriate Program/Project Managers;
- Program/Project Managers conduct during-the-award monitoring activities throughout the year;
- Program/Project Managers hold recipients accountable for meeting the required audit reporting deadline and proactively attempt to obtain single audit reports timely; and
- Program/Project Managers use the Single Audit System as required by the department's Single Audit Procedure for recipients expending under the \$500,000 threshold.

12I-8004: [District Five Single Audit Compliance Review](#)

There were no findings during this review.

CONTRACT AUDIT

Contract Audit performs audits, examinations, reviews to include agreed upon procedures and special analyses of contracts and agreements between the department and external entities to ensure costs proposed and charged to the department by consultants, contractors and other external groups are accurate, reasonable and comply with applicable federal and state regulations.

Contract Audit completed the following engagements with total audit coverage of \$64.5 million.

Construction Contracts

Our annual risk assessment and review of contract modifications identifies those modifications exceeding five percent of the total construction dollars and/or total contract time. We selected and examined contract modifications meeting these and other criteria. Construction Contract Modification engagements evaluate contract modifications to ensure proper documentation to support the change, including justification, value determination and appropriate managerial review and approval.

Construction Contract Claim engagements determine if the dollar value of damages claimed by contractors are adequately documented, appear reasonable, are consistent with project records and justified based on federal and state statutes, rules and regulations, contract provisions and accounting standards.

The purpose of these examinations was to determine if there was sufficient documentation to support the fair and equitable value of work performed, and compliance with the contract, applicable federal/state regulations and department policies/procedures.

11C-2003: [District Two Contract Modification - Contract T2293](#)

The purpose of this engagement was to conduct an interim examination of contract T2293, Supplemental Agreement (SA) No. 8, between the department and Superior Construction Co., Inc. of Jacksonville, Florida.

Our examination found the reason for the contract change was related to a permitting issue with the St. John's River Water Management District (SJRWMD). As a result, District Two was required to remove the temporary work causeway and construct a temporary work trestle. SJRWMD subsequently reversed their decision and allowed the department to use the temporary work causeway as originally constructed. However, this decision came after the contractor incurred costs to remove the original causeway and acquire materials for trestle construction. SA No. 8 compensated the contractor for the costs incurred as a result of these changes. District Two has taken action to utilize or salvage materials procured as part of this SA.

Finding - District Two received fair and equitable value for the work performed for SA No. 8. We determined that the costs of \$1,609,865 were supported with adequate documentation and in compliance with department policies and procedures. We also found SA No. 8 resulted from permitting issues for which the district had already initiated corrective action.

Recommendation- The District Two Design Engineer should follow-up with the SRJWMD to ensure any future permits issued clarify the specific type of temporary work allowed during construction. We also recommend the District and Central Office Design and Construction Offices continue to coordinate in ensuring work of this type is done in accordance with the permits to avoid the need for additional costs for rework.

11C-2005: [District Three Contract Modification – Contract T3283](#)

The purpose of this engagement was to conduct an examination of Supplement Agreements (SAs) No. 15, No. 19 and No. 20 on contract T3283 between the department and Sandco, Inc.

Finding - A 48.33 percent burden rate was used in contract change price proposals rather than the 46.44 percent certified burden rate. The total amount over-billed was \$253.

Recommendation- We recommend the district project manager ensure Sandco, Inc. adjusts the burden rate on the contractor's price proposal worksheet to agree with the certified burden rate.

Finding - The amount listed on the sublet certification form was not updated for additional subcontractor work for two subcontractors. The total amount under-reported for SA 19 and SA 20 was \$182,907; however, the contractor updated Ingram Signalization and AAA Tree Experts' certification forms to the correct amount during the engagement.

Recommendation - We recommend the district project manager ensure timely updates of sublet certification forms are provided for all new and additional subcontractor work.

11C-2004A: [District Six Design-Build Contract Examination – Contract E6E59](#)

The purpose of this engagement was to conduct an interim examination of design-build contract E6E59 between the department and Condotte/De Moya, Joint Venture, Limited Liability Company.

In our opinion, District Six complied, in all material respects, with the terms of contract E6E59 and the governing criteria. No significant issues were identified as a result of this examination. We found the department received fair and equitable value for the work performed.

11C-2004B: [District Six Design-Build Contract Modification – Contract E6E59](#)

The purpose of this engagement was to conduct an examination of Supplement Agreements (SAs) No. 23 and No. 33 on contract E6E59 between the department and Condotte/De Moya, Joint Venture, Limited Liability Company.

In our opinion, District Six complied, in all material respects, with the terms of contract E6E59 and the governing criteria. No significant issues were identified as a result of this examination. We found the department received fair and equitable value for work performed for SA No. 23 and SA No. 33.

12C-1001: [Turnpike Enterprise Contract Modification Examination – Contract E8J29](#)

The purpose of this engagement was to conduct an examination of Supplement Agreements (SAs) Nos. 12, 19, 21, 30, 34, and 60 on contract E8J29 between the department and the Lane Construction Corporation.

Finding- Unallowable subcontractor mark-ups totaling \$12,006 were identified within three (SAs 12, 21, and 60) of the six supplemental agreements reviewed during the examination.

Recommendation- We recommend the Turnpike Enterprise Construction Engineer ensure quality reviews are performed to verify mark-ups are correctly calculated and contract modifications are processed in accordance with state and federal regulations and department guidelines.

Finding - Unsupported equipment costs totaling \$3,202 resulted from variances between the contractor's rates and Rental Rate Blue Book values for the John Deere 700, Bomag 213D, Volvo Loader, CAT 322, Volvo L70E, Water Truck, Cat 140H Motor Grader and Volvo L90 equipment items used within the examined SAs.

Recommendation - We recommend the Turnpike Enterprise Construction Engineer ensure quality reviews are performed to verify equipment rates are supported by Rental Rate Blue Book values.

12C-1002: [District Two Contract Modification – Contract T2260](#)

The purpose of this engagement was to conduct an examination of Supplement Agreements (SAs) No. 55, No. 62 and No. 67 on contract T2260 between the department and Hubbard Construction Company.

Finding - The costs of additional work for SAs No. 55, No. 62, and No. 67, totaling \$44,455, were either missing or not updated on sublet certification forms for four of four subcontractors. However, during the course of the audit, District Two was able to provide updated certifications for the four subcontractors identified.

Recommendation - We recommend the district initiate a process that ensures the District Contract Compliance Manager receives timely notification of project contract changes, including supplemental agreements and work orders.

Professional Services Consultants

Consultant contract final/interim engagements determine whether costs billed to the department are accurate, reasonable, in accordance with contract provisions and in compliance with federal and state procurement requirements. We published the following four final/interim reports.

11C-4002: [A.P. Consulting Transportation Engineers, Inc.](#)

11C-4003: [Bermello, Ajamil and Partners, Inc.](#)

12C-3001: [KCCS, Inc.](#)

12C-3003: [Kimley-Horn and Associates](#)

Certified Public Accountant (CPA) work paper reviews assure professional standards are followed and adequate testing and support is maintained for the CPAs opinions. We published the following two CPA work paper reviews.

12C-4001: [The Maguire Corporation](#)

12C-4002: [Infrastructure Engineers, Inc.](#)

Additional Reviews

11C-4004: [Post, Buckley, Schuh & Jernigan, Inc.](#)

The purpose of this engagement was to perform a cognizant review of the overhead audit reports for Post, Buckley, Schuh & Jernigan, Inc. (PBSJ) as prepared by an independent accounting firm. This review was conducted in accordance with our role as Cognizant Agency as defined in 23 U.S.C. s112(b)(2)(c) and 23 U.S.C. s172.3 and 172.7.

Our review determined there was sufficient documentation to indicate the audit was conducted in accordance with generally accepted government auditing standards for financial and compliance audits and applicable requirements of 48 C.F.R. 31, Federal Acquisition Regulations.

Based on our review, it appears PBSJ's accounting system is adequate for job cost accounting in accordance with the applicable parts of the Federal Acquisition Regulations.

12C-6001: Florida Commission for Transportation Disadvantaged

The purpose of this engagement was to conduct a review of the Florida Commission for the Transportation Disadvantaged (CTD) with regard to two issues; staffing adequacy and compliance with applicable sections of Chapter 287 and 427, Florida Statutes and Rule 41-2, Florida Administrative Code.

Finding - Our review of staffing indicated CTD did not have enough resources to fulfill its administrative responsibilities. Our review indicated that administrative expenditures were in compliance with statutory and rule requirements.

Recommendation - We recommend CTD seek authorization to fill its two vacant project manager positions and consider reclassifying one of its assistant executive director

positions. We felt these actions could allow CTD to meet its administrative responsibilities, allow its project managers to conduct in-house quality assurance reviews and eliminate a contract costing \$196,000 annually for outsourced quality assurance services.

140-12004: [Safe Route to Schools Grant](#)

The purpose of this engagement was to review a sub-recipient grant agreement between the department and Health Masters Club, Inc. to determine if funds had been expended appropriately. A review of supporting documents confirmed grant expenditures were made in accordance with the grant terms.

ENTERPRISE AUDIT PLAN

In February 2011, the Governor's Chief Inspector General (CIG) asked agency audit directors to consider the efficiencies of working together and identifying common audit topics. We allocated twenty percent of our audit resourced for participation on enterprise audits.

12P-5001: [Survey Results of Information Technology Mobile Computing in Florida's State Government](#)

The Executive Office of the Governor's Office of the Chief Inspector General initiated an assessment of survey results of the state of mobile computing within the enterprise and associated management controls. The objectives were to identify mobile computing trends within Florida's state government, identify best practices and assess the effectiveness of the enterprise mobile computing governance framework.

The survey responses revealed that agency-owned mobile computing devices are the devices primarily used within the enterprise and a trend has begun with the use of personally-owned devices.

Based on this assessment, the following actions should be considered to minimize enterprise risk:

- Agencies should establish specific needs-based criteria for determining which employees should be provided agency-owned mobile devices or allowed to use personally-owned devices for state business purposes. This assessment should, at a minimum, consider the following criteria – travel time, availability, network access and emergency response needs.
- Agencies should ensure that mobile device technologies are identified and tested before being deployed for state business purposes. Ideally, agencies should work together to ensure this process is performed efficiently and without undue duplication.
- Agencies should ensure cost-effective procurement of mobile devices and leverage the purchasing power of the enterprise through the Department of Management Services state term contracts for mobile devices and services.
- A workgroup of audit, information technology (IT) and legal professionals should evaluate the mobile workforce to ensure that the legal requirements of record retention and public records laws are fully addressed.
- CIO's should adopt application development standards that ensure new system development accommodates mobile computing while minimizing mobile computing risks. Enterprise-wide technologies and agency-specific applications should be developed or modified and integrated with system platforms to accommodate mobile computing.

12P-1005: [Contract Monitoring](#)

The Executive Office of the Governor, Office of Chief Inspector General, initiated an enterprise project to determine if agencies' contract monitoring policies and procedures were adequate and in compliance with regulatory standards; assess the adequacy of contract manager training and development; and identify potential best practices in contract monitoring. The enterprise team, led by our Office of Inspector General, broadened the scope of the project to include assessments for convicted vendor reporting and Memorandums of Agreement/Understanding (MOAs/MOUs). The enterprise team created and distributed project checklists and a survey for agencies' contract managers. The team compiled the audit findings of the project's participating agencies and published a corresponding presentation with the Office of Chief Inspector General.

Based on this assessment, we identified the following eight areas as opportunities for improvement:

- Memorandums of Agreement/Understanding (MOAs/MOUs): MOAs/MOUs are not defined or regulated by the Florida Statutes (F.S.) or the Florida Administrative Code (F.A.C.).
- Contract Writing: There are opportunities for improvement in addressing scope of work and financial consequences in the development of agency contracts.
- Right-to-Audit Language: Agencies' policies, procedures and contract templates do not address all standard elements of right-to-audit language.
- Contract Manager Identification: The state of Florida does not have a central, online resource for contract manager identification, e.g. demographics, certifications, and training.
- Monitoring: Contract monitoring, as well as associated payment issues, are the most prevalent audit issues.
- Reporting Vendor Performance and Convictions: State agencies are not supplying sufficient vendor information to the Department of Management Services for statewide publication.
- Closeout: Most agencies' policies and procedures do not address all the elements needed in closeout procedures.
- Training of Contract Personnel: Many contract managers indicated they were not aware of, or had not attended, contract monitoring training provided by the Department of Financial Services or their agency.

SUMMARY OF AUDIT RECOMMENDATIONS AND FOLLOW-UP

Section 20.055, F.S., requires the identification of each significant recommendation described in previous annual reports on which corrective action has not been completed. We will continue to follow-up on these outstanding items below until all corrective actions have been completed. The following are reports with recommendations open 12 months or more:

2011-174: Financial Management (FM) System – IT Operational Audit 2010

Issued by: Office of Auditor General on April 20, 2011
Of the recommendations made, five remain open.

Recommendation—(Previously cited in Auditor General Report 2010-095 dated 2/10/2010.) The Department should ensure that network, mainframe, and database access privileges are disabled in a timely manner. Additionally, the Department should develop procedures to create and maintain a listing of former contractors to ensure that access privileges are timely disabled. Furthermore, the Department should improve its review of access privileges to increase the likelihood of timely detecting access privileges that are no longer necessary because of employee terminations or reassignments.

Status—Office of Information Systems (OIS) Security is in the process of performing a statewide re-certification and plans on including contract end dates to the recertification process. Security has implemented a personnel termination report which is weekly deliverable. The Automated Access Request Form administrators are responsible for reviewing the termination report and ensuring that access for individuals listed on the personnel termination report is revoked. Additionally, the Data Base Administration Team (DBAT) now receives notices of all terminations and responds to department security verifying access has been terminated, if applicable. The Information Systems Manager (ISM) and manager of DBAT are also discussing the possibility of DBAT removing IDs from the DB2 tables. The estimated completion date is August 1, 2012.

Recommendation—The Department should limit access privileges to include only the individuals who need the access privileges in the performance of their job duties. Additionally, the Department should implement procedures to routinely monitor and adjust access privileges, including those of Southwood Shared Resource Center (SSRC) employees, in the event of employee terminations, reassignments, or changes in job functions.

Status—The ISM needs to meet with the FM application owners to discuss the implementation of a cyclical recertification process for the FM suite. Application recertification is in progress with hopeful completion by August 1, 2012.

Recommendation—The Department should ensure that access control records are retained as required by the General Records Schedule.

Status—The Department has implemented and fully deployed Event Tracker for active directory event monitoring. Logs are being reviewed as needed. The Department is still in the pre-implementation phase of deploying Vanguard for mainframe event reporting. The estimated completion date is October 1, 2012.

Recommendation—The Department should ensure that its program change control procedures for unit testing of application components and approval of program changes for production are consistently followed to provide increased assurance of the integrity of program changes being moved into the production environment.

Status—OIS, with Department management support, is working towards the implementation of an OIS Operational Manual, which will incorporate our existing internal procedures. The noted update to our change control procedure will be included. It will also include the use of documentation for end user testing and approval, prior to promoting code to production. After re-assessing our progress with the OIS Operational Manual, we hope to have the change control procedure implemented as part of the OIS Operations Manual. The estimated completion date is September 1, 2012.

Recommendation— (Previously cited in Auditor General Report 2010-095 dated 2/10/2010.) The Department should review its positions with sensitive IT responsibilities and elevated access privileges, consider designating such positions as positions of special trust, and perform the required level two background screenings on employees occupying the positions.

Status—The issues related to designating positions of special trust is being considered in conjunction with changes to IT staffing as a result of data center consolidation and position reductions. OIS is currently in the process of re-structuring its organization and position descriptions statewide. The estimated completion date is July 1, 2012.



INVESTIGATIONS



MISSION STATEMENT

To deter, detect and investigate crimes or misconduct impacting the department.



The focus of the Investigations Section is to pursue aggressively any attempt by department employees, contractors, vendors or the public to gain benefit to which they are not entitled. Investigations, along with Fraud and Misconduct Awareness Briefings are the primary methods used to accomplish this objective. In addition, active tracking of complaints referred to senior management for inquiry complements this effort. The Investigations Section follows the Principles and Standards for Offices of Inspector General established by the Association of Inspectors General. The Investigations Section is a member of the Florida Commission for Law Enforcement Accreditation and complies with established accreditation standards.

SUMMARY OF INVESTIGATION ACTIVITIES

The investigative duties and responsibilities of the Inspector General (Section 20.055, F.S.) include:

- Receiving complaints and coordinating activities of the department as required by the Whistle-blower’s Act pursuant to Sections 112.3187 – 112.31895, F.S.
- Receiving and considering the complaints which do not meet the criteria for an investigation under the Whistle-blower’s Act and conducting, supervising or coordinating such inquiries, investigations or reviews as the Inspector General deems appropriate.
- Reporting expeditiously to the Department of Law Enforcement or other law enforcement agencies, as appropriate, whenever the Inspector General has reasonable grounds to believe there has been a violation of criminal law.
- Conducting investigations and other inquiries free of actual or perceived impairment to the independence of the Inspector General or the OIG. This includes freedom from any interference with investigations and timely access to records and other sources of information.
- Submitting in timely fashion final reports on investigations conducted by the Inspector General to the department head, except for Whistle-blower’s investigations, which are conducted and reported pursuant to Section 112.3189, F.S.

Investigations Activity for FY 2011-2012	
Preliminary Investigations Opened	12
Substantive Investigations Opened	18
Cases Closed	211
Cases with Substantiated Allegations	18
Allegations Referred to Agency Management	91
Allegations Referred to Other Entities	34
Worked Jointly With Law Enforcement	3
Terminations or Resignations Resulting from Cases	5
Other Disciplinary and Administrative Actions	6

Types of Investigations

The Office of Inspector General uses several types of cases: substantive investigations, management referral, memorandum to file, preliminary inquiry and joint investigations.

Substantive Investigations cases typically stem from complaints involving alleged contractor or employee misconduct, which, if proved, would result in significant action against the contractor or employee. The conduct may include alleged violations of applicable laws, rules, policies and procedures. These may result in criminal convictions or terminations.

Management Referral cases are opened when the Office of Inspector General receives complaints which do not rise to the level of significance to warrant a substantive investigation. These complaints are referred to management and are monitored until a report of the outcome is received and reviewed by the OIG.

Memorandum to File cases typically stem from complaints which are unrelated to an operational department issue, or fall within the jurisdiction of another agency. An example is a complaint which pertains to a municipal or county road. These complaints are referred to either the appropriate department business unit or the agency having jurisdiction over the matter.

Preliminary Inquiry cases are opened when the Office of Inspector General is not certain whether a full investigation is warranted. In these type cases, some fact-gathering is conducted and a determination is made whether to proceed with a substantive investigation.

Joint Investigations cases are those reported to the Department of Law Enforcement, the US Department of Transportation Office of Inspector General or other law enforcement agencies, as appropriate, whenever the Inspector General has reasonable grounds to believe there has been a violation of criminal law.

Summary of Case Closures

Investigative activity is conducted to identify facts and circumstances to prove or disprove each allegation. The results of investigative activity are documented within Reports of Investigation published by the Inspector General and are disseminated to internal and external customers. The information below depicts the identification of a case number, a brief summary of allegations and the investigative outcome for cases completed during the FY 2011-2012.

Investigations Completed – Contract Fraud

150-11102

An accusation was made a consultant violated their contract with the department by not providing training in accordance with the requirements of the Construction Training and Qualification Manual. This allegation was proved.

150-11153

An accusation was made a prime contractor submitted false certifications to the department by failing to list an unpaid subcontractor as an exception on Certification Disbursement of Previous Periodic Payment to Subcontractors forms. The allegation was disproved.

150-11158

Accusations were made that a supplier delivered non-certified rip-rap (rock) to a department project. The allegations were disproved.

150-11174

An accusation was made employees of a laboratory under contract with the department were being asked to violate Quality Assurance and Quality Control procedures by using unqualified technicians to perform testing, and by forging concrete and soil test results on department projects. The allegation was proved.

150-11180

An accusation was made that a prime contractor failed to pay a subcontractor for work completed and the prime subsequently submitted false Certification of Disbursement of Previous Periodic Payment to Subcontractors (certifications) to the department, by not including the subcontractor as an exception on the monthly certifications. The allegation was disproved.

150-11206

Accusations were made a contractor failed to abide by the conditions of their contract with the department regarding salary and benefits paid to toll collection employees. The allegation was disproved.

150-11210

Accusations were made a subcontractor violated Disadvantaged Business Enterprise (DBE) staffing requirements when employees working for the subcontractor also worked for a non-DBE subcontractor on the same project. No evidence was found to indicate DBE staffing requirements were violated. The allegations were disproved.

150-11211

An accusation was made that a department contractor hired to paint sound barrier walls was watering down paint to save money on materials. The allegation was proved in that water had been added; however, the water was to aid application of the paint and the manufacturer determined adding water for this purpose did not diminish the paint characteristics. The allegation was disproved.

150-12035

Accusations were made by a consultant that the department mishandled bid submissions during the bidding process of a department project for drainage improvements. The investigation showed no evidence to support an allegation of misconduct by the department in handling or processing the bids associated with the project. The allegations were disproved.

150-12050

An accusation was made that a consultant firm was compensating department hiring managers for selecting their firm's consultants for employment. The allegation was disproved.

150-12059

A review of department Internet logs revealed a consultant was spending work time accessing movies on a department computer while charging time to department projects. The allegation was proved, and the employee was terminated by the consultant firm.

150-12065

An investigation was initiated into the actions of the supervisor of the subject in OIG Case #150-12059 to determine whether he directed employees to improperly bill time to the department. The allegation was disproved; however, inappropriate job cost accounting by the consultant was disclosed. An audit to determine how much reimbursement to the department is appropriate for time billed as work but not spent on work is underway.

150-12097

An OIG review of Internet logs determined a consultant employee was the number one user for Internet activity. The investigation determined the consultant employee utilized a department computer to administer websites related to his personal business while on time charged to the department. The allegation was proved. The employee was terminated by

the consultant firm, and the consultant firm reimbursed the department \$18,319.75 for the employee's time computed as personal and non-business related.

Investigations Completed – Employee Misconduct

152-09056

An accusation of misconduct during a previous OIG investigation led to a review of a district employee's e-mail. No evidence was found to indicate the employee's actions were contrary to department policy. The allegation was disproved.

152-09057

Accusations of inappropriate use of department resources relating to involvement with a golf league led to a review of the e-mail accounts for 31 district employees. The allegations were proved and the employees were instructed to stop using department Information Technology Resources to facilitate the golf league.

152-09089

An accusation was made that a district employee covered-up a Driving Under the Influence (DUI) arrest charge for another department employee. The allegation was disproved.

152-10227

An accusation was made that a district employee made an unauthorized recording of their witness interview during the investigation of OIG Case #150-09057. The allegation was proved, and the employee retired from the department.

152-11013

Accusations were made that a district employee conducted personal business utilizing department communications equipment and misused department Information Technology Resources. The allegation of misuse of department communications equipment was inconclusive. The allegation of misuse of department Information Technology Resources was proved and the employee received a written reprimand.

152-11096

Accusations were made that a district employee required a contractor to add equipment to a job that was not required for the completion of the contract. The allegation also contended that the employee purposely delayed contract payments and used derogatory racial slurs. The allegation of the use of a racial slur was proved, the remaining allegations were disproved. The employee received a written reprimand.

152-11129

An accusation was made a district employee misused department Information Technology Resources by sending personal e-mails and conducting Internet searches not related to their department duties. The allegation was proved, and the employee resigned from the department.

152-11139

Accusations were made that a district employee was approving invoices for work by a contractor that had not been started or completed, and was receiving "cash kickbacks" for this improper approval. Both allegations were disproved.

152-11151

Accusations were made that a district employee created a conflict of interest by placing a husband and wife on the same Technical Review Committee. It was also alleged that another district employee had an improper relationship with a subordinate employee, which resulted in the inappropriate disclosure of Technical Review Committee information. Both allegations were disproved.

152-11152

Accusations were made that a district employee placed department signs on private property, used a department vehicle to pull a non-department trailer and misused department Information Technology Resources. The allegations of misuse of department resources and equipment were disproved. The allegation of misuse of department Information Technology was proved. The employee received a verbal counseling.

152-11156

An accusation was made a district employee misused department Information Technology Resources by sending inappropriate e-mails from their personal e-mail account to their department e-mail account. The allegation was disproved.

152-11165

Accusations were made that a district employee falsified timesheets by not accurately recording absences, and that another district employee was misusing a department vehicle. The allegation of falsification of timesheets was disproved. The allegation of misuse of a department vehicle was proved. The employee resigned from the department.

152-11167

Accusations were made that district employees were operating kiosks for the sale of candy and other miscellaneous items within district offices and that a district employee established a weight loss club within district offices. District management instructed employees to stop their involvement with the kiosks. Voluntary participation in a weight loss club was not deemed to violate department polices. The investigation was closed.

152-11169

An accusation was made a central office employee was conducting personal business during work hours by sending and receiving personal e-mails. The allegation was disproved.

152-11170

An accusation was made a district employee failed to verify work completed by an expert witness who received payment from the department. The allegation was disproved.

152-11191

An accusation was made a district employee misused department Information Technology Resources by accessing financial websites during work hours. The allegation was disproved.

152-11199

Accusations were made that a district employee displayed a document containing sexually explicit materials and misused department Information Technology Resources. Both allegations were proved, and the employee received a two week suspension.

152-11201

An accusation was made a central office employee misused department Information Technology Resources by utilizing a department computer to run a personal business. The allegation was proved, and the employee received a written reprimand.

152-11202

Accusations were made that a district employee misused a department vehicle, stole department materials and misused department Information Technology Resources. The allegations were disproved.

152-11212

Accusations were made that a district management employee (manager) was having a personal relationship with an employee under their direction, that the employee received a promotion due to the personal relationship, that the manager directed another district employee to hire the employee and that the employee misled their supervisor when questioned about the relationship. The allegations of the improper relationship and making misleading remarks to the supervisor were proved. The manager resigned from the department.

152-11215

An accusation was made a department employee provided confidential bid information to a company bidding on a tree removal project. The employee solicited and received a second lower bid from the awarded contractor, without affording the same opportunity to two other companies who bid on the same work. The allegations were proved. The employee resigned from the department.

152-11217

An accusation was made a district employee engaged in misconduct by replacing the serial numbers on non-inventoried equipment. The allegation was disproved.

152-11222

Accusations were made a central office employee misused department Information Technology Resources by sending and receiving personal e-mails, accessing websites unrelated to department duties, and installing hardware and computer files unrelated to department duties. Additionally, the subject accepted funds from a contractor doing business with the department. The allegations were proved, and the employee resigned from the department.

152-11238

Accusations were made that maintenance employees provided contraband to prisoners assigned to a district operations facility. The allegations were disproved.

152-12007

Accusations were made that a central office employee made abusive comments, exhibited intimidating behavior to employees and caused employees to fear for their safety in the workplace. The allegations were proved, and the employee was terminated from the department.

152-12021

During a prior OIG investigation, an accusation of misuse of Information Technology Resources to support a personal business led to the review of a district employee's e-mail. The allegation was proved, and the employee received a written reprimand.

152-12054

Accusations were made that district employees utilized department equipment for personal use and provided Maintenance of Traffic services to private sector entities using department equipment and personnel. The allegations were disproved.

152-12058

Accusations were made that district employees violated safety standards and falsified inspection logs. Additionally, accusations were made that district management was aware of safety violations and failed to take corrective action. The allegations that district employees violated safety standards and falsified inspection logs were proved. Two employees were verbally counseled and one employee received a written reprimand. The allegations that district management failed to take corrective action when made aware of safety violations were disproved.

152-12069

Accusations were made that a project manager instructed a subordinate to ignore incomplete work on a contracted project, attempted to process payment for incomplete work on the project and instructed the contractor to perform work prior to issuing a work order. The allegations were proved, and the employee was terminated from the department.

152-12099

Accusations were made that a district employee misused department Information Technology Resources, instructed consultant employees to complete his college coursework during work hours and falsified timesheets. Additionally, accusations were made the district employee received gifts from consultants and made improper hiring recommendations to consultant managers. The allegations of misuse of department Information Technology Resources, instructing consultant employees to complete his college coursework and falsification of timesheets were proved. The employee resigned from the department.

152-12109

An accusation was made a district employee provided a consultant employee with Oral Technical Presentation questions associated with a pending department contract. The allegation was disproved.

152-12123

An accusation was made a district employee used their assigned Fuel and Maintenance Card (fuel card) to purchase fuel for non-department purposes. The allegation was disproved; however, the employee failed to properly protect their fuel card and Personal Identification Number and failed to timely report a missing fuel card to the Fuel and Maintenance Card Administrator. The employee received a verbal counseling.

152-12140

Accusations were made that a district employee showed favoritism to a consultant firm during the contract bidding process, maintained personal relationships with consultant employees and instructed other consultant firms they would have to hire a certain

subconsultant firm in order to be considered for future department contracts. The allegations were disproved.

152-12150

Accusations were made that a Turnpike employee abused sick leave and accepted gifts from a contractor. The allegations were disproved.

160-12052

Accusations were made that the department unnecessarily purchased Right of Way Parcels not required for department projects. The allegations were disproved.

164-12090

An accusation was made the department improperly relocated a driveway shared by two private businesses. The allegation was disproved.

A digital illustration of a cable-stayed bridge spanning a body of water. The bridge features two tall, grey, rectangular pylons with numerous yellow cables fanning out to support the deck. The bridge deck is a light grey color with white lane markings. A large yellow and red truck is driving on the bridge, and a small white boat is visible in the water below. The sky is a mix of orange, yellow, and blue, suggesting a sunset or sunrise. The water is a deep blue. The overall style is clean and modern.

QUALITY ASSURANCE & OPERATIONS SUPPORT



MISSION STATEMENT

To ensure quality audit and investigative products fully comply with all professional and office standards and support the operations of the Office of Inspector General.



The Quality Assurance and Operations Support (QAOS) section provides quality assurance and operations support to the Office of Inspector General. This section serves as the liaison to outside agencies and is responsible for the statutorily required audit recommendation follow-up, annual risk assessment, work plan development and development and publication of the annual report. The section is also responsible for the offices media production.

SUMMARY OF QUALITY ASSURANCE AND OPERATIONS SUPPORT ACTIVITIES

Statutory Activities

Liaison to External Agencies

Florida Statutes require the OIG to ensure effective coordination and cooperation between the Auditor General, federal auditors and other governmental bodies with a view toward avoiding duplication. The QAOS section provides a single point of contact for external agencies auditing the department. The section provides coordination of the required 30-day response to preliminary and tentative findings and the required six-month response on the status of corrective actions taken by the department on any audit findings and recommendations issued by the Auditor General.

Audit Recommendation Follow-up

Florida Statutes, as well as professional standards, require monitoring and follow-up of any audit findings and recommendations made by any external audit agency or by the Office of Inspector General. To accomplish this requirement, the QAOS section ensures management and tracking of all audit findings and recommendations using the Recommendations and Action Management System (RAMS). In RAMS, responsible managers provide a status of actions that have been taken every six months. The OIG reviews the responses and then reports the status of all recommendations and findings to senior management.

Annual Risk Assessment and Audit Plan Development

Section 20.055 F.S., requires the inspector general to conduct and analyze the results of an annual risk assessment and assist in the development of an annual Audit Plan. This year's risk assessment was developed by following the Institute of Internal Auditors' eight-step risk assessment process.

First, we defined our audit universe by using the eleven program components that are used for budget purposes. Next, we conducted interviews with senior management from the eleven program components, each District Secretary and each Assistant Secretary. In each interview we asked senior management to identify their major risks and areas of concern and for input on possible audit topics.

Each program component was weighted against eight risk factors. Using a scale of 1-10, we (OIG) scored four of the risk factors (FTEs, budget, employee survey results, prior audit coverage) based on information we obtained. Next, we asked senior management to score the

other four risk factors (degree of change or stability, complexity of operations, performance measures, procedures) based on their knowledge of their program area.

Information gathered during the risk assessment meetings and from audit staff input was collected by program component. The information was reviewed to identify auditable topics. Each auditable topic was assessed its weighted risk score based on the program component. We prioritized each audit topic within the program component. We then averaged the risk score with the priority.

The Audit Plan was developed based upon risks identified through the risk assessment process. The Audit Plan dedicates resources to providing audit coverage of department expenditures; contracts/agreements between the department and construction contractors; professional services consultants; intermodal projects; utility companies; transit providers, local governments and others, providing broad audit coverage while focusing our resources on areas with the greatest known risks. In addition, approximately 20% of the audit resources were allocated to state of Florida enterprise audit initiatives.

Quality Assurance Activities

Florida Statutes require audits to be conducted in accordance with professional standards. The QAOS section performs periodic assessments to ensure the engagement process is performed in compliance with Government Auditing Standards and the International Professional Practice Framework, published by the Institute of Internal Auditors.

Quality assurance activities consist of reviews of hyperlinked draft reports and reviews of completed engagements. There were six reviews of hyperlinked draft reports conducted to ensure links were working properly, the appropriate work paper was linked to the draft report and the work papers supported statements made by the auditor in the draft report. There were five reviews conducted on completed engagements to ensure compliance in all phases with specified professional standards and OIG procedures. In addition, reviews were conducted on engagement work papers, at the request of the audit manager, to assist in the completion of an engagement.

Lastly, all draft and final reports, whether audit or investigation, are reviewed to ensure adherence to standards for report writing, clarity, consistency and use of proper grammar and tone. The QAOS section reviewed 36 audit reports prior to publication and 39 closed investigation reports and memorandums prior to release.

Annual Report

Florida Statutes require each inspector general to prepare an annual report summarizing the activities of the office during the immediate preceding fiscal year no later than September 30 of each year. The final report is to be furnished to the Secretary. The QAOS section is responsible for compiling and producing the annual report. The report includes statistics

regarding cost coverage and cost avoidance; summaries of significant audits and investigations; and identifies each significant recommendation described in previous annual reports in which corrective action has yet to be completed.

Support Activities

Media Production

In addition to the production of the annual report, the QAOS section compiles and produces the OIG newsletter, *Inside the OIG*. The office uses the newsletter to provide opportunities to share information, alerts and latest developments with management, staff and district personnel.

Recurring sections of the newsletter include: IG's Corner, a message from the Inspector General; Audit Efforts, updates from the Audit section; Investigations—Agency Impact, updates from the Investigations section; Beyond Audits & Investigations, discusses quality assurance and development of the Annual Audit Plan; and OIG Bulletin Board News, provides news and pictures regarding the OIG staff. The Single Audit News, which has recently become its own section, is distributed to a specific group and discusses Single Audit issues.

Systems Administration

The QAOS section provides ongoing administration and maintenance of Replicon, the OIG's project management system. This system provides information for the Chief Inspector General quarterly reporting and project/budget hours tracking for project management and performance measurement.

Training

The QAOS section is responsible for the tracking of all staff training. All training is designed to ensure staff are trained to meet the mission of the OIG and are in compliance with applicable professional standards as required by statute. These standards have specific requirements, thus the need for tracking and verification. The training database is also used by audit and investigative staff to maintain applicable certifications. Reports obtained from this database are also used during the Auditor General's Quality Review.

Administrative Support

The QAOS section is responsible for all budget, information technology infrastructure, inventory management, records retention, purchasing and support activities for the Office of Inspector General. This section also oversees all activities related to the vehicles assigned to the office.

OFFICE OF INSPECTOR GENERAL
FLORIDA DEPARTMENT OF TRANSPORTATION



ANNUAL REPORT WORKGROUP

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